GOVERNMENT OF INDIA
MICRO, SMALL AND MEDIUM ENTERPRISES
LOK SABHA

UNSTARRED QUESTION NO:1621
ANSWERED ON:11.03.2008
SETTING UP OF CENTRES BY KVIC
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Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

(a) the number of centres set up by the Khadi and Village Industry Commission during the last three years for production and sale of Khadi;

(b) the incentives being given for the production and sale of the goods made by Khadi and Rural Industry;

(c) whether any scheme has been formulated to give incentives to the weavers and the poor workmen; and

(d) the amount received from the Government and the amount spent out of this by KVIC during 2005, 2006 and 2007?

Answer

MINISTER FOR MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI MAHABIR PRASAD)

(a): 31 new khadi institutions were registered by the Khadi and Village Industries Commission (KVIC)/Khadi and Village Industries Boards of States/Union Territories during the last three years.

(b) The Government has been implementing the following schemes through the KVIC to promote the production and sale of the goods made by Khadi and village Industry.

(1) For Village Industry (VI) sector, a Central sector credit-linked subsidy programme, called the Rural Employment Generation Programme (REGP) for assisting the entrepreneurs in establishing VI units, in rural areas and small towns with population upto 20,000, by availing of margin money assistance from KVIC and loans from public sector scheduled commercial banks, selected regional rural banks, cooperative banks, etc., for projects up to a maximum cost of Rs. 25 lakh. During 2006-07, margin money assistance amounting to Rs. 349.79 crore was provided for various VI units assisted during the year, besides financial support amounting to Rs. 7.94 crore for various backward and forward linkages.

(2) For Khadi sector the financial assistance is provided through the following Schemes.

(i) Interest Subsidy Eligibility Certificate (ISEC) Scheme for making the working capital available to the khadi institutions from banks at a concessional rate of interest of 4 per cent per annum. The institutions have to pay an interest of only 4 per cent and the difference between the actual rate of interest and the 4 per cent is paid by KVIC as interest subsidy to the banks. For assisting the khadi institutions
in undertaking their manufacturing activities, Rs. 214.61 crore was made available during 2006-07.

(ii) Khadi institutions are permitted to retain the working capital earlier made available to them from the budgetary resources through KVIC, as working fund, so long as they maintain certain level of agreed production/sales. As on 31.03.2007, Rs. 424.59 crore was made available to the khadi institutions as working fund.

(iii) Rebate on sale of khadi and khadi products: During 2006-07, Rs. 101.47 crore was provided as sales rebate to the khadi institutions.

(iv) Financial assistance is provided to implementing agencies for opening sales outlets in order to promote sales of KVI products.

(v) KVIC is running 12 departmental sales outlets at various locations in the country.

(vi) Financial assistance for organizing exhibitions at various levels like district, State, Zonal and national level is also provided from KVIC' s budgetary sources as per details given below:-

Sr. No.	Level of Exhibition	Financial assistance to be provided by KVIC(Rs. in lakh)
1.	National Level Exhibition	40.00
2.	Zonal Level Exhibition	25.00
3.	State Level Exhibition	10.00
4.	District Level Exhibition	2.50

During 2006-07, 106 exhibitions were organized.

(3): For exploring international market, a scheme to conduct exhibitions/participate in trade fairs, etc. abroad, is in vogue, under which the khadi institutions/village industry units are provided the following incentives:

(i) 75 per cent of the Air Fare Travel by economy class or train fare, as the case may be, to one representative each of the participating units managed by entrepreneurs to the general category while 100 per cent of such airfare is to be provided to one representative each of the participating units belonging to women entrepreneurs, SC/ST entrepreneurs and entrepreneurs from North Eastern Region, etc.

(ii) up to 50% of the space rent actually paid is reimbursed. In case of women entrepreneurs, SC/ST entrepreneurs and entrepreneurs from North Eastern Region, etc., upto 100% of the rent fare is reimbursed.

(iii) Assistance for space rent and travel expenses for each participating entrepreneur/unit would be limited to Rs. 1.25 lakh.
As a result of export promotion measures of KVIC, during 2006−07, khadi and village industry products valued at Rs. 53.73 crore have been exported. br>
(c) Government of India through KVIC, has formulated various schemes for the benefit of Khadi workers including weavers. A group insurance Scheme called Khadi Karigar Janashree Bima Yojana (JBY) is already in existence, since August, 2003. Under this scheme, risk coverage on the events of natural death, death due to accident, permanent total disability, permanent partial disability, is provided to the khadi workers. As an add-on educational benefit under Shiksha Sahayog Yojana, the children of khadi artisans (upto two children) studying in IX to XII standard, including ITI, are eligible for scholarship of Rs. 1,200/- per year. An Artisans' Welfare Trust Fund has also been created in States for the benefit of khadi workers. The artisans' welfare funds are used in order to provide assistance to khadi artisans, to meet expenses on the education of their children, marriage expenses of their wards, medical expenses of artisans or their dependents, to provide spinning and weaving equipment and to purchase spare parts, to meet expenditure on purchase of Khadi on the occasion of festivals, etc. A new scheme called 'Workshed Scheme' for khadi artisans is also under the consideration of the Government under which it has been proposed to provide financial assistance upto Rs. 25,000/ for construction of Worksheds to the Khadi artisans, belonging to Below Poverty Line.

(d): The details of amounts received by KVIC from the Government and the amounts spent out of this by KVIC during 2004-05, 2005-06 and 2006-07 are given below:

(Rs. Crore)
Year Funds released by Government Funds spent
2004-05 460.90 505.35
2005-06 559.32 550.39
2006-07 608.85 586.83
Funds available with KVIC from previous years's closing balance was also utilized during 2004-05.